



8011-01p
SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request,
Copies Available From:

Securities and Exchange Commission
Office of Investor Education and Advocacy
Washington, DC 20549-0213

Extension:

Regulation S-P

SEC File No. 270-480

OMB Control No. 3235-0537

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) the Securities and Exchange Commission (“Commission”) is soliciting comments on the existing collection of information provided for in the privacy notice and opt out notice provisions of Regulation S-P – Privacy of Consumer Financial Information (17 CFR Part 248) under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) (“Exchange Act”). The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

The privacy notice and opt out notice provisions of Regulation S-P (the “Rule”) implement the privacy notice and opt out notice requirements of Title V of the Gramm-Leach-Bliley Act (“GLBA”), which include the requirement that at the time of establishing a customer relationship with a consumer and not less than annually during the continuation of such relationship, a financial institution shall provide a clear and conspicuous disclosure to such consumer of such financial institution’s policies and practices with respect to disclosing nonpublic personal information to affiliates and nonaffiliated third parties (“privacy notice”). Title V of the GLBA also provides that, unless an exception applies, a financial institution may not disclose nonpublic personal information of a consumer to a nonaffiliated third party unless

the financial institution clearly and conspicuously discloses to the consumer that such information may be disclosed to such third party; the consumer is given the opportunity, before the time that such information is initially disclosed, to direct that such information not be disclosed to such third party; and the consumer is given an explanation of how the consumer can exercise that nondisclosure option (“opt out notice”). The Rule applies to broker-dealers, investment advisers registered with the Commission, and investment companies (“covered entities”).

Commission staff estimates that, as of early May, 2012, the Rule’s information collection burden applies to approximately 21,500 covered entities (approximately 4,700 broker-dealers, 12,600 investment advisers registered with the Commission, and 4,200 investment companies). In view of (a) the minimal recordkeeping burden imposed by the Rule (since the Rule has no recordkeeping requirement and records relating to customer communications already must be made and retained pursuant to other SEC rules); (b) the summary fashion in which information must be provided to customers in the privacy and opt out notices required by the Rule (the model privacy form adopted by the SEC and the other agencies in 2009, designed to serve as both a privacy notice and an opt out notice, is only two pages); (c) the availability to covered entities of the model privacy form and online model privacy form builder; and (d) the experience of covered entities’ staff with the notices, SEC staff estimates that covered entities will each spend an average of approximately 12 hours per year complying with the Rule, for a total of approximately 258,000 annual burden-hours ($12 \times 21,500 = 258,000$). SEC staff understands that the vast majority of covered entities deliver their privacy and opt out notices with other communications such as account opening documents and account statements. Because the other communications are already delivered to consumers, adding a brief privacy and opt out notice should not result in added costs for processing

or for postage and materials. Also, privacy and opt out notices may be delivered electronically to consumers who have agreed to electronic communications, which further reduces the costs of delivery. Because SEC staff assumes that most paper copies of privacy and opt out notices are combined with other required mailings, the burden-hour estimates above are based on resources required to integrate the privacy and opt notices into another mailing, rather than on the resources required to create and send a separate mailing. SEC staff estimates that, of the estimated 12 annual burden-hours incurred, approximately 8 hours would be spent by administrative assistants at an hourly rate of \$65, and approximately 4 hours would be spent by internal counsel at an hourly rate of \$378, for a total annualized cost of \$2,032 for each of the covered entities ($8 \times \$65 = \520 ; $4 \times \$378 = \$1,512$; $\$520 + \$1,512 = \$2,032$). Hourly cost estimates for personnel time are derived from the Securities Industry and Financial Markets Association's Management & Professional Earnings in the Securities Industry 2011, modified by SEC staff to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead. Accordingly, SEC staff estimates that the total annualized cost for the estimated total hour burden for the approximately 21,500 covered entities subject to the Rule is approximately \$43,688,000 ($\$2,032 \times 21,500 = \$43,688,000$).

Written comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's estimates of the burden of the proposed collection of information on respondents; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated

collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

The Commission may not conduct or sponsor a collection of information unless it displays a currently valid control number. No person shall be subject to any penalty for failing to comply with a collection of information subject to the PRA that does not display a valid Office of Management and Budget (OMB) control number.

Please direct your written comments to: Thomas Bayer, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 6432 General Green Way, Alexandria, Virginia 22312 or send an email to: PRA_Mailbox@sec.gov.

Kevin M. O'Neill
Deputy Secretary

June 27, 2012

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